

September 1, 2000

by Hand

Mary L. Cottrell, Secretary

Department of Telecommunications and Energy

One South Station, 2nd Floor

Boston, MA 02110

Re: Massachusetts Electric: Request for Rate Change to Match Default Service Rate to
Standard Offer Service Rate

This letter is filed on behalf of Massachusetts Electric Company and Nantucket Electric Company (together "Mass. Electric" or "Company"), requesting an increase in the Company's Default Service rate to 4.994¢ per kWh, in order to match the Default Service Rate to the Standard Offer Service Rate that has been proposed by the Company on this date in a separate filing. Enclosed with this letter are new tariff cover sheets reflecting the new proposed rate. This request is contingent upon Department action on the Company's Standard Offer Service request that would establish a new Standard Offer Rate effective for usage on and after October 1, 2000.

The Company proposes to match the Default Service Rate to the proposed Standard Offer Service Rate for the following reasons. First, such action is consistent with the Department's letter order of June 1, 1999, in which the Department directed utilities to bill Default Service at the Standard Offer Rate until otherwise directed by the Department. Second, the Company is seeing drastic escalation in its supply acquisition costs. This increase is likely to be only an interim first step increase. Specifically, it is reasonable to expect that the Default Service Rate arising out of the recent bids received by the Company for Default Service will exceed 5¢ per kWh. Finally, for policy reasons, the Company believes that the Default Service Rate should not be less than the Standard Offer Rate. Such a result will send the wrong signals to customers and could inadvertently encourage customers to leave Standard Offer service for Default Service shortly before the rate for Default Service exceeds the Standard Offer rate.

Accordingly, the Company respectfully requests the Department approve the implementation of a new Default Service Rate that is equal to the Standard Offer Rate that is effective for usage on and after October 1, 2000.

Sincerely,

Ronald T. Gerwatowski

General Counsel

cc: Ronald F. LeComte, Director of the Electric Power Division, Dept. of
Telecommunications and Energy

George B. Dean, Esq., Office of the Attorney General

David L. O'Connor, Commissioner, Department of Energy Resources

Judith A. Silvia, Esq., Associated Industries of Massachusetts

Service List, D.T.E./D.P.U. 96-25